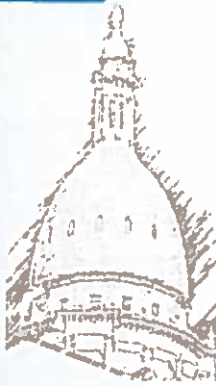




Michigan Association
of County Treasurers



Presentation to House Committee on Local Government

**March 15, 2017
Lansing, Michigan**

Legislative Co-Chairs



■ **Mary Balkema**
Kalamazoo County Treasurer



■ **Andy Meisner**
Oakland County Treasurer





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About Michigan Association of County Treasurers (MACT)

- Promotes education of county treasurers
- Shares solutions through networking
- Promotes consistent and efficient operations through the state
- Assists with legislation affecting county treasurers, property taxes, and investment of public money

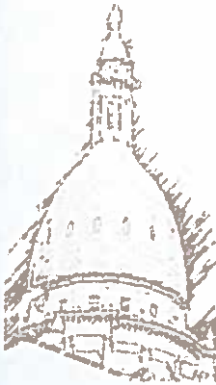


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About County Treasurers

- Office required by Michigan Constitution
- Elected to four-year terms (partisan primary)
- Collect delinquent property taxes
- Hold and invest county money
- Also responsible for dog licenses, production of tax documents/certifications, and certain cemetery funds

Delinquent Property Taxes



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- All unpaid property taxes from prior year returned as delinquent to county treasurer on March 1
- County treasurer advances uncollected amounts to local tax collecting units (100% tax payment fund or "delinquent tax revolving fund"), may issue bonds
- Attempts to notify owners and collect over 28 months
- If taxes remain unpaid, county treasurer seeks judicial foreclosure and auctions property to satisfy unpaid taxes

Mortgage Foreclosure vs. Tax Foreclosure



Mortgage Foreclosure

- Mortgage holder uses foreclosure by notice or judicial foreclosure to sell mortgaged property to satisfy unpaid mortgage debt
- After foreclosure, property can be redeemed by owner for varying period of 3 to 9 months

Tax Foreclosure

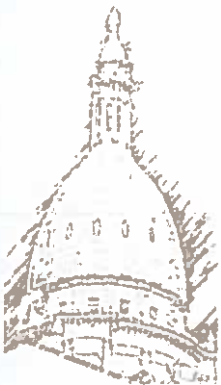
- Foreclosing governmental unit notifies property owner, imposes increasing interest, holds show cause hearing and seeks judicial foreclosure
- Circuit court holds foreclosure hearing and orders foreclosure
- Redemption rights end on March 31 after foreclosure hearing



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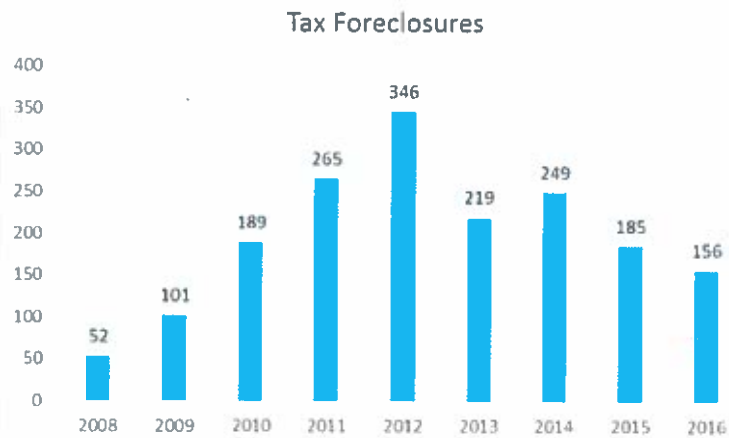
Interest and Fees on Delinquent Taxes

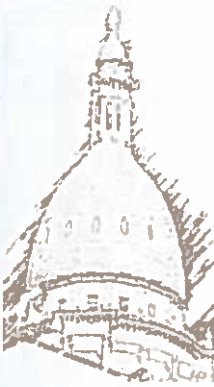
- Interest and Fees
 - Cover the cost of collecting delinquent taxes
 - Provide incentive to pay unpaid taxes promptly
 - Deter speculators, investors & owners from using property tax system as a financing tool
- Fees
 - 4% administrative fee (when returned delinquent)
 - \$175 title search fee (after first year)
- Interest
 - 1% per month during first year
 - Increases to 1.5% per month in second year before foreclosure process started



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Tax Foreclosure Trends Kalamazoo County





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Sale Proceeds

- Excess proceeds from some properties offset properties that don't sell or that sell for less than taxes owed.
- Also used for environmental cleanup of tax delinquent properties

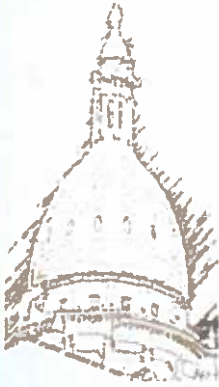


Damaged Properties

After this house burned, the owner of this Kalamazoo County property collected the insurance proceeds, abandoned the property, and stopped paying taxes.



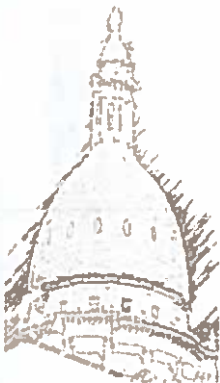
Examples of Tax Reverted Properties (Kalamazoo County)



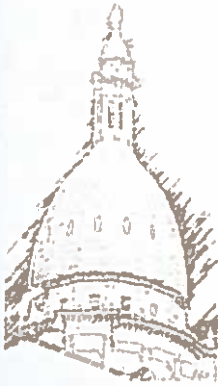
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“ People walk away for a reason—little or no property value. Our community uses excess proceeds for the issues they leave behind. ”



Mary Balkema
Kalamazoo County Treasurer



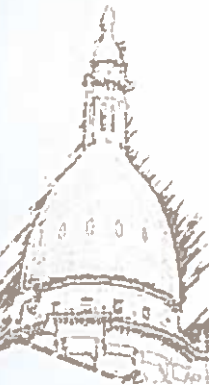
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2017-18 Legislative Goals

- Cleanup and update delinquent tax collection process (1999 law)
- Modernize process for proposals to provide county banking services
- Update law on cemetery maintenance funds deposited with county treasurers



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Questions?



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